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IT IMPLEMENTATION AND AGRICULTURAL PRODUCT DISTRIBUTORS

WDROŻENIE SYSTEMÓW IT A DYSTRYBUTORZY PRODUKTÓW ROLNYCH

Key words: agriculture, CRM, client handling, effectiveness

Słowa kluczowe: rolnictwo, CRM, obsługa klienta, efektywność

Abstract. In the last decades we could witness an extremely fast spread of IT systems. This is, on the one hand, due to great leaps in technological development, and on the other hand, due to the fact that the data processing needs of enterprises have risen significantly, which is in itself due to accelerated changes in the market and technologies. Nowadays, distributors of the agricultural products do not monitor their customers buying habits, do not measure customer value. My case study shows that there are special companies on the market and they can use the advantages of the CRM system on a very high level. These systems can be developed easily. IT suppliers are adapting to the ever renewing market demands. The paper aims to analyze the importance of CRM system in development of companies operating in the agricultural sector.

Introduction

Today the majority of firms has some kind of an IT system to support the productivity of its workers. One or more pieces of business management software, which was designed to take care of usual business management tasks: accounting software, financial software, software to manage wages and employment, inventory or the tangible assets register, sales software. Sometimes there is an integrated business management system in place to help with everyday tasks, which IT-wise covers the entire activity of the company in an integrated manner. These are the so-called ERP (Enterprise Resource Planning) systems.

However, the majority of the companies has no real knowledge about its clients. The daily mass of incoming data does not enter a unified system. In most cases, the data originating from the various departments of the company will enter a variety of documents, tables, files and start their untraceable way towards the unknown and deletion. However, for the effective organization of the business activity it would be indispensable to know the events before the sale, to know who the contact persons and the decision-makers are at the client. Did any complaints arrive to the company, and if yes, what complaints? How were they handled? How much workload is on the sales people? How much did the sales department spend, and what was the result of the various campaigns? These are important questions, and a proper answer can only be found by using a unified client management system. Companies using a proper client management strategy can acquire an advantage that may help them not only in surviving the economic crisis but that may also assure their profit.

Advantages offered by CRM

The increasing expectations, the fast-changing market and the fluctuation of employees requires the use of an integrated database that contains the information necessary to interpret the current situation and to define future tasks. These needs are not industry-dependent, and therefore there is an increasing demand also among traders in agricultural products to serve their customers at a high level of quality. These companies are competing not only with their products sold but also with an increasingly broad array of linked services. These tasks can be aided effectively by a CRM (Customer Relationship Management) system. Looking at its functions, CRM can support three important areas.

Internal procedures. Depending on the development of the CRM, it can be used to manage direct marketing campaigns, to measure results, to send personalized newsletters, to manage daily

tasks or to create reminders. Managers can distribute tasks based on the competencies and workload of the employees, while these tasks can be traced through the log of the system. A salesperson on holiday or leaving the company can be replaced by any other colleague as the system stores all relevant data and notes. The daily activities of the employees, the use of work time can be traced as well.

Client procedures. Data on the personal and access details of the clients can be considered basic data. Depending on the strategy of the firm, certain household data may be also registered like the monthly income, electronic equipment in the household, car type, hobbies, etc. Furthermore, consumer habits could be registered in order to inform the sales colleagues on what was sold to whom and when, in order to help cross-selling, product support management, etc. Also, other transactions could be registered, like customer complaints, classification of the client from the viewpoint of the company, where did the client come from, and other personal notes that may help in the communication with the client.

Statistics. Incoming data can be analysed, reports and presentations can be created using a variety of filters and complex conditions. This may help significantly in creating forecasts, planning, product development and the development of the organisation itself. It may help in finding or setting out the way to be followed, as one is not stumbling in the dark. Of course this requires the regular and consequential registration of exact data.

We can distinguish three types of CRM applications. Operative CRM is controlling and synchronising client interactions in the field of marketing, sales and service. Analytic CRM helps in optimising data sources in order to help keeping profitable clients, by – inter alia – organising the clients into groups based on various factors, client segmentation, analysis of client migration or by defining the target groups of marketing campaigns. It enables marketing-aimed analysis. It enables analyses regarding cross-selling or product affinity, the application of client value models and drop out models as well as the operation of campaign management solutions. Complementary to these, collaborative CRM assists in the cooperation with the suppliers, partners and clients in order to improve procedures and client service. Collaborative CRM extends client contact to all sales channels, for example, in the case of a bank, to branches, mobile banking, internet and other contact points.

The results of a research in 2004 by GKIeNET clearly shows that it's the agriculture where this IT solution is the least represented. The function performing operative tasks is supported by a CRM system in only 2% of the companies in this sector. Analytical tasks are supported by a CRM in 4% of the companies. Collaborative CRM, which serves partner support and the integration of information arriving on various channels is not used by any companies who took part in the research. This shows a significant distance compared to other industries. The number of CRM applications is typically high in areas where retail customer support is operating.

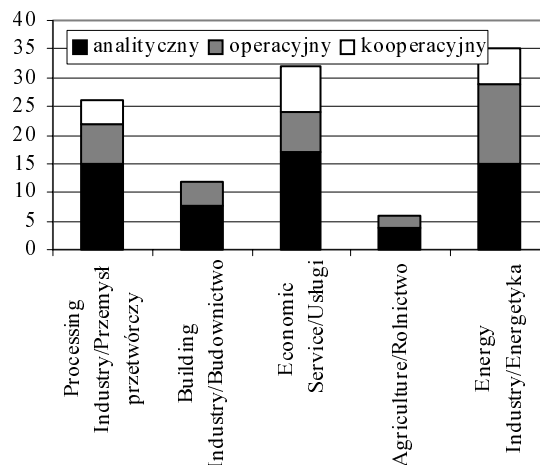


Figure 1. CRM applications at medium and large enterprises
Rysunek 1. Aplikacje CRM w średnich i dużych przedsiębiorstwach
Source/Zródło: IT-Business... 2004

Applying CRM in agriculture

Dow Seeds, which is the independent seed business branch of DowAgroScience has decided to introduce CRM in 2009. Both the parent company – Dow Chemical Company – and its subsidiaries use the English language Siebel 7.8 CRM system of Oracle successfully.

The seed business branch is not a country-specific organisation, it covers entire Europe. Though it has country-specific representations, its operation is uniform in Europe. Its centre is in Germany.

Hungarian sales are operated by four colleagues, whose tasks include visiting farmers, creating demand, searching for new customers, holding presentations, organizing product demonstrations and managing distributors. At the moment they work with 9 distributors, two of which have a country-wide network while seven cover various regions. As the company does no direct sales, customers are served by the various distributors. These distributors offer products of competitors as well to

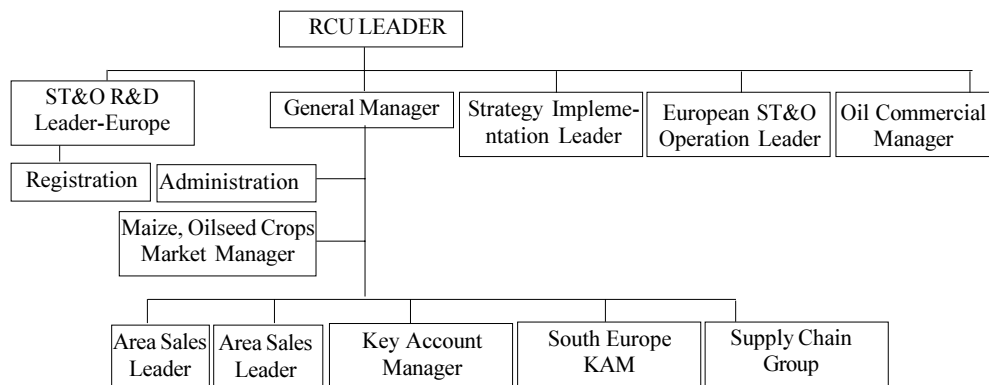


Figure 2. Structure of Dow Seeds
Rysunek 2. Struktura organizacyjna firmy Dow Seeds

Source: own study

Źródło: opracowanie własne

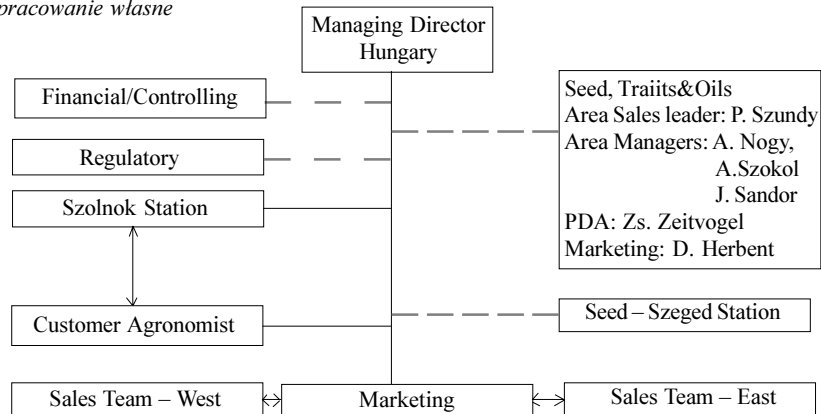


Figure 3. Structure of Dow AgroSciences Hungary Kft
Rysunek 3. Struktura organizacyjna firmy Dow AgroSciences Hungary Kft

Source: own study

Źródło: opracowanie własne

the farmers. Dow Seeds aims to create a partnership based on mutual trust with its distributors.

Before the introduction of the CRM system the data on the farmers was stored in a different format. The otherwise informative and useful table had a great disadvantage that it was going hand to hand, and one could never know who has the most recent version.

A single person was chosen for the introduction of the CRM, Dóra Herbernt, who is at the moment working as a Marketing & CRM specialist at the Hungarian representation. Choice of software was not an issue, the Siebel software used by the company was applied to their business branch. It was important that CRM should be able to provide useful information cooperating with the SAP integrated business management system used at the company.

In November 2009 the Marketing & CRM specialist has checked out the CRM system of Dow AgroSciences, which has worked well in other branches. After this she had to find out with her colleagues how this system could be tailored to the Seed business. They had to overcome the limitation that they were not allowed to define new fields in the system, they could only choose to use or not to use the existing ones.

In the end of February they organized a training. Until this, the system of access rights had to be developed, as well as the list of updated fields. The introduction ran in two steps. First, three countries were chosen where the system was tested (Fig. 4).

This was followed by a three month test period. During this time, various queries, questions, proposals were arriving continuously, which have helped to refine the system. They analysed further which fields could or should be left out and which fields should be used.

In March 2010 they also started a brand new web page [www.dowagro.com/eu/hun/hu]. The layout of the page follows entirely the design used by the centre. The servers also operate through the American centre, hence the somewhat unfortunate domain name. Certainly the managers at the Hungarian representation acted in a conscious manner in this case as well. From the beginning the visitors of the website are being traced by an analytical software. However, the website is not yet linked to the CRM system, registration is not possible.

Before the introduction of the CRM system it was important for them to have a market view on how other companies are using such systems. They were looking for an answer to questions like what problems they encounter, how did they manage these, and what advantages the use of CRM has.

They had the opportunity to have a peek in the operation of a variety of software (Lotus, Microsoft Dinamic) and this has contributed significantly to their ability to create the best system usage for themselves. The most important conclusion was that the greatest factor leading to the successful introduction and functioning of the system is proper motivation and support of the user, as they are the foundation stones for its good operation.

The experience of the test period was summarized in the fourth month, and after this, the introduction started in all other European countries where Dow Seeds is present. During the test operation, users and the manager responsible for the introduction were consulting continuously about new country-specific and general needs that arose during use. Because typically new ideas surface when the various features of the system become more and more transparent for the users.

They examined what data will be necessary for the various research and measurement tasks. What kind of data should be stored on the various farmers to clearly show which belongs to which customer group, what potential they have. The aim with setting up the parameters was that each field, each list element, each attribute should mean the same to all users in Europe. Dora explained that this was the greatest challenge. The compatibility and cooperation with SAP has also been achieved. Now CRM takes the individual identifier, the company name and company name from SAP. These don't need to be registered again, just completed with special, CRM-related information.

The system was not left untouched by the Hungarian users after the first phase covering all countries either. It's checked once in a month if the clarity of the database complies with the requirements, whether the required fields have been filled. They have set up a variety of parameters to measure data quality, as besides quantity, quality was considered to be important too. However, as the same fields are shown in all countries, and the data needs of the individual countries may differ, besides the obligatory parameters there are recommended country-specific fields too.

Development also covered the motivation of the users. Currently it's the sales personnel who can enter data into the system. Special care was taken at the introduction to ensure that each colleague learns the tasks properly and sees the advantages of the system.

As the service is operated with remote access through internet protocol via the US server, technical problems may arise as well. Especially between 2 and 3 pm, when the working day starts in the US, the server becomes overloaded and online access may become very slow. To remedy this, it is possible to work in the system with offline access. In this case, the system synchronises the database at the time of the next connection.

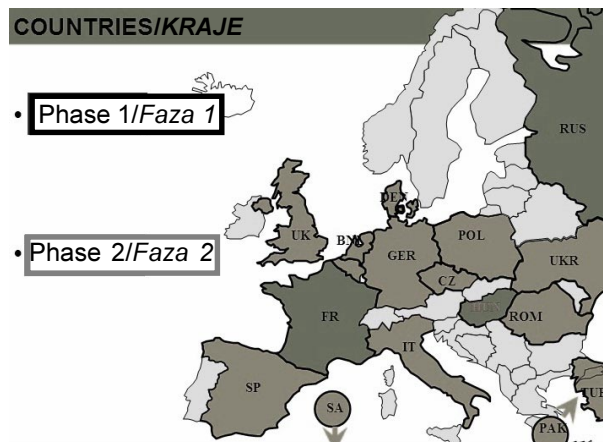


Figure 4. Planned phases of CRM introduction
Rysunek 4. Planowane fazy wdrożenia CRM

Source: own study

Źródło: opracowanie własne

The Future

The introduction of the CRM has been going on for a year and it's evident now what new tasks have surfaced as a result. With the aid of CRM, the company aims to strengthen the internal communication procedure. The strategic development and application of this will first take place in

Hungary, and then later the results will be introduced in other countries of Europe as well. It is necessary to develop a work flow in which it is registered who has to enter which data and activities at which access level to the system, broken down by countries.

Dóra Herbernt, the leader of Marketing&CMR said that in her view, the system is very good. The data are well organized, up to date and accessible to all. Besides supporting their daily work and making communication easier, it also serves market research tasks excellently. It makes possible the production of various reports and presentations, which contributes to „giving their best” as the Dow Seed slogan says. Unfortunately it’s hard to measure and support with numbers the utility of the system, but she trusts that its continuous and precise use will help in measuring its results.

Conclusions

It is a basic interest of manufacturing and trading companies that their clients are properly served and that the clients further improve the image of the company by creating good publicity for it as happy customers. A well-functioning client handling, procedures supported with proper IT databases and systems may mean a significant competitive advantage for firms. The quality of products is becoming more and more similar. Consequently, customers can differentiate mostly based on the services supplementary to the product. Their customer decisions are greatly influenced by how far the trader was able to develop loyalty in them towards the product or the manufacturer. Experience shows that customer satisfaction may be generated by these two important factors: product quality and supplementary services. Only those can remain competitive in the European market who can utilize these two factors in the most effective manner.

IT suppliers are adopting to the ever renewing market demands. New systems appear extended with new and newer functions. Standard solutions that contain the structure and possible client handling procedures of an imaginary company, which developers will extend and adopt to the profile of the company. These systems can be developed horizontally. But there are also several industry-specific solutions, which were created to support the specific internal procedures of the various industries. Finally it’s the task of the buyer to find the CRM system which suits his needs the best.

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Streszczenie

Celem artykułu była analiza znaczenia systemów CRM w rozwoju firm działających w sektorze rolnym. W wyniku analiz stwierdzono, iż w ostatnich dziesięcioleciach obserwowano szybką dyfuzję systemów IT do praktyki gospodarczej. Warunkowane to było z jednej strony dużym szokiem w rozwoju technologii, a z drugiej znaczącym wzrostem potrzeb przetwarzania informacji przez firmy w wyniku przyspieszonych zmian rynkowych i technologicznych. Obecnie dusterzytorzy produktów rolnych nie monitorują nawyków zakupowych swoich klientów ani nie mierzą tzw. wartości klienta. Przeprowadzone w pracy badania wskazują, że istniejące na rynku firmy dostarczające systemy CRM, mogą znacząco podnieść zakres funkcjonowania firm na rynku żywnościowego.

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